



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

April 7, 2009

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To: Supervisor Don Knabe, Chairman  
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From: William T Fujioka  
Chief Executive Officer

## WASHINGTON, D.C. UPDATE

### Federal Fiscal Year 2010 Budget Resolution

Last week, before leaving for their Easter recess, the House and Senate passed their respective Federal Fiscal Year (FFY) 2010 budget resolutions, which set non-binding spending and revenue targets to guide Congressional action on fiscal legislation. Both versions (H. Con. Res. 85 and S. Con. Res. 13), which passed without a single Republican "aye" vote in either House, are similar, but not identical, to the President's Proposed FFY 2010 Budget. However, both versions provide slightly less spending increases and tax reductions than proposed by the President. The overall discretionary spending cap for the 12 FFY 2010 appropriations bills would be \$1.089 trillion in the House budget resolution and \$1.081 trillion in the Senate version, compared to \$1.096 trillion in the President's Proposed FFY 2010 Budget. Neither version assumes any reductions in spending for mandatory (entitlement) programs, such as Medicaid and Medicare.

The biggest difference between the two budget resolutions is that the House, but not the Senate, version includes budget reconciliation instructions on health care reform and education. The House Ways and Means, Energy and Commerce Committees, which share jurisdiction over health programs and funding, are instructed to report reconciliation legislation to reduce the deficit by \$1 billion through FFY 2014 while the House Education and Labor Committee separately must report legislation to reduce the deficit by \$1 billion through FFY 2014.

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“Reconciliation” is important because, under Senate rules, a reconciliation bill is not subject to a filibuster, which requires 60 votes to overcome. This means that, unlike other legislation, Senate Democrats would be able to pass health care reform legislation on a simple majority vote without any Republican support. However, the health care reform provisions which can be included in a budget reconciliation bill could be limited by the “Byrd rule,” named after Senator Robert Byrd (D-WVA), who authored it. Under the Byrd rule, any provision, which is extraneous to a budget reconciliation bill’s goal of reducing the deficit, can be challenged on the Senate Floor and would require a 60-vote majority to overcome the challenge. Health insurance language, such as a requirement for insurers to cover all persons regardless of preexisting medical conditions, could be subject to Byrd rule challenges. The Senate parliamentarian is responsible for determining whether a provision is subject to the Byrd rule.

All Congressional Republicans oppose the inclusion of budget reconciliation language in the FFY 2010 budget resolution, and a number of Senate Democrats, including Senator Byrd, also oppose its inclusion. There also are many Democrats in both houses who believe budget reconciliation instructions should be included in the final budget resolution, but used to advance health care reform only as a last resort if bipartisan health care reform legislation cannot be moved through both houses.

There is far less Congressional support for using budget reconciliation to advance climate change legislation that would implement a new cap and trade system for carbon emissions, which would raise more than \$646 billion in revenue over ten years, as proposed by President Obama. The Senate approved, 67 to 31 with the support of 26 Democrats, an amendment by Senator Johanns (R-NE), which would prohibit the use of reconciliation for climate change or clean energy legislation involving a cap and trade system.

After Congress reconvenes from its Easter recess on April 20, 2009, work will begin on reconciling the differences between the House and Senate versions of the FFY 2010 Budget Resolution. Following Congressional passage of the budget resolution, appropriators can begin work on the 12 appropriations bills, which set FFY 2010 funding levels for individual discretionary programs.

#### **Potential Funding for the Private Sector Under the American Recovery and Reinvestment Act (ARRA)**

The attached fact sheet outlines potential funding for the private sector under the ARRA, which includes links to Federal, State, and County websites with information on economic stimulus funding opportunities. As explained in greater detail in the attached fact sheet, relatively little ARRA funding will be allocated directly to private businesses

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or non-profit organizations. Instead, most of the funding opportunities for the private sector will consist of contracting opportunities either directly with Federal agencies or through state and local governments, which receive grants funded under the ARRA.

We will continue to keep you advised.

WTF:GK  
MAL:MT:sb

Attachment

c: All Department Heads  
Legislative Strategist

## **POTENTIAL FUNDING FOR THE PRIVATE SECTOR UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT**

### **Overview**

The recently enacted Federal economic stimulus bill, which is entitled the American Recovery and Reinvestment Act (ARRA), includes an estimated \$575 billion in increased one-time Federal spending over the next ten years. To put this spending increase in perspective, the current Federal Fiscal Year (FFY) 2009 Budget totals \$3.9 trillion, and overall Federal expenditures currently are projected to total more than \$42 trillion over the next ten years. The vast majority of ARRA funding will be provided through existing programs, using existing funding methodologies and formulas. Similar to the overall Federal budget, relatively little funding would be allocated directly to private businesses or non-profit organizations. Instead, the bill provides:

- An estimated \$144 billion in fiscal relief for state and local governments, mainly through a new \$53.6 billion State Fiscal Stabilization Fund and through a temporary reduction in the non-Federal share of Medicaid, child welfare, child support enforcement, and welfare costs; and
- An estimated \$81 billion in direct assistance to vulnerable and needy individuals, including through increased Food Stamp benefits, unemployment benefits, Supplemental Security Income payments, and Pell Grants for college students.

Most of the remaining funds will be allocated through formula grants to state governments, including for elementary and secondary education, child care, community development, energy, weatherization assistance, highways, justice assistance, and job training. The County will receive direct formula grant or State pass-through funding for justice assistance, public housing, community development, homeless prevention, community services, and elderly nutrition services.

However, as discussed below, there are some ARRA funding opportunities available to the private sector.

### **Direct Federal Funding Opportunities**

In numerical terms, most of the bill's funding opportunities for the private sector consist of contracting opportunities, such as for maintenance, repairs, construction, professional services, research and development, and equipment which are needed by Federal agencies. In addition, there are a number of competitive grant programs for which private non-profit organizations and/or for-profit entities are eligible to apply. Most notably, private entities are eligible to apply for grant funding under the new \$4.7 billion

Broadband Technology Opportunities Program, which is intended to accelerate broadband deployment in unserved and underserved areas. Certain private hospitals and health providers also will be eligible to receive Medicare or Medicaid incentive payments for electronic health record technology under the ARRA's new Health Information Technology (HIT) initiative. However, this incentive payment funding is not expected to be available until 2011 because the Federal government first must develop its HIT policies and standards.

Other grants for which private non-profit organizations and/or for-profit entities may apply directly to the Federal government include:

- Byrne Justice Assistance Grants, Office of Violence Against Women Grants, Local Youth Mentoring Initiative Grants; Emergency Food and Shelter Grants; health research grants; various energy research and technology grants; job training grants; and small business loans.

The Federal government is making an unprecedented effort to make information on economic stimulus funding opportunities widely available. As its primary tool for disseminating information on economic stimulus funding, the Federal government has established an ARRA website ([www.recovery.gov](http://www.recovery.gov)), which includes the following important webpages:

- This webpage has links to each individual Federal department's and agency's ARRA website: <http://www.recovery.gov/?q=content/agencies>
- This webpage has links to each current Federal contracting and grant opportunity, not limited to those funded under the ARRA: <http://www.recovery.gov/?q=content/opportunities>

### **State and Local Funding Opportunities**

The private sector will also be able to pursue funding opportunities through State and local governments, which will use economic stimulus funds to contract for services, such as constructing and repairing highways and bridges, job training, weatherization, community development, nutrition, and child care, which will be funded through Federal grants that they receive. The State of California has established the following economic recovery website: <http://www.recovery.ca.gov/>.

The County is currently putting together its own economic recovery website which will have information for the public such as the County's use of ARRA funds, Board actions, and links to other ARRA websites. The County of Los Angeles also has an existing website [www.lacounty.gov](http://www.lacounty.gov) which includes a link to get information on doing business with the County.